

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS  
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
WITNESS MONTEITH TO INTERROGATORY OF POSTCOM  
PostCom/USPS-T2-2(c) REDIRECTED FROM WITNESS WHITEMAN  
(May 19, 2021)**

The United States Postal Service hereby provides the response of witness Monteith to the above-listed interrogatory. The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,  
UNITED STATES POSTAL SERVICE

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## RESPONSE OF USPS WITNESS MONTEITH TO INTERROGATORY OF POSTCOM REDIRECTED FROM WITNESS WHITEMAN

**PostCom/USPS-T2-2.** Please refer to page 4 of your testimony, where you claim that volume declines in USPS Marketing Mail are “mainly due to the increasing diversion of advertising spending from USPS Marketing Mail to digital media.” \* \*

- c. What steps has the Postal Service taken to arrest or slow the decline in Marketing Mail volume? For each specific effort, please provide any analysis indicating how effective that effort has been. If no analysis of the effectiveness of an effort has been undertaken, please so state.

### RESPONSE:

#### INTRODUCTION:

The Postal Service has been and remains committed to growing and retaining revenue. Every day our entire workforce embodies this commitment by continuously promoting the value of mail through communication, education, and inspiration. Our dedicated **Sales Force** alongside our Business Development Teams, Small Business Partners, Postmasters, District Managers of Marketing, Business Mail Acceptance, and Customer Service especially embodies this commitment. They work tirelessly to grow and retain revenue through educating and inspiring stakeholders on the value of mail. Their commitment is best demonstrated through their work and partnership with **144 Postal Customer Councils** across the country, representing various segments of the industry, to share the latest innovation and trends in the mailing industry to promote the value of mail.

#### STRATEGIC INITIATIVES:

The 10 Year Plan, ‘Delivering for America,’ builds upon our commitment to grow and retain mail revenue. As outlined in the plan, the Postal Service intends to continue to strengthen the value of mail to drive greater value for the sender

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by developing new tools that leverage mail data and enable better integration with digital media channels, and by providing new programs, resources, and offerings designed to enable greater use of mail by businesses of all sizes. This includes the continued enhancement of our Informed Delivery platform, which currently has over 37 million subscribers covering 28.5 million households, where customers can preview mail and packages to be delivered that day. By raising awareness on how mail works, the value of direct mail, and leveraging data to synch up the mail experience with the digital experience provides the customers with greater visibility and return on investments.

The Postal Service has established strategic goals to strengthen the value of mail and increase revenue, customer satisfaction, engagement, and product enhancements including developing tools and innovated programs that sustain the value of the mailbox. Each strategic initiative has a specific set of measures to track performance aligned to optimize short-term performance and building long-term capabilities.

The strategic initiatives encompass two broad categories: (1) **Mail promotions and incentives** to encourage new technologies and effective integrated mail and marketing campaigns and (2) **Education of current and the next generation of marketers** on the value of mail.

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### MAIL PROMOTIONS AND INCENTIVES:

Since 2012, the Postal Service has been incenting mailers to integrate technology and innovative print techniques into direct mail campaigns to:

- Promote integration of mail with digital channels
- Drive long term mail growth and retention
- Increase consumer engagement and ROIs for marketers
- Add value for First-Class Mail and Marketing Mail

We measure the effectiveness of these promotions in numerous ways:

- Year over year participation growth by volume and number of participants
- Participant survey responses

In 2020, over 13.3 billion mail pieces qualified for a postage discount.

While this represented a volume decline from prior year promotion volume, the declines in promotion volume were smaller than the declines in the corresponding mail class volumes for those time periods.

#### All Marketing Mail Promotions

	2019	2020	Change
<b>Volume</b>	13,807M	11,583M	-16%
<b>Revenue</b>	\$2,921M	\$2,421M	-17%
<b>Participants</b>	1,399	1,487	6%

The Postal Service offers an array of promotions and incentives to its mailers. Some notable examples include:

**Informed Delivery (ID)** allows organizations to connect their Direct Mail

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campaigns to digital marketing strategies by providing users with the ability to preview their mailpieces before it arrives—straight from an email notification, USPS mobile app, or via an online dashboard.

The Postal Service conducted extensive marketing and consumer outreach and implemented strategies to drive consumer adoption of ID. These efforts were successful as over 30 million consumers have joined ID. This is yet another example of the Postal Service increasing the value of mail. With ID, the Postal Service laid the foundation for Marketing Mail customers to gain access to multi-touch points to the customers and prospective customers.

In order to increase the adoption rate of ID and help marketers improve the results of their ID campaigns, the Postal Service began offering a three-month promotion for ID in CY 2019. During the promotion period, marketers receive a 2 percent discount on postage for implementing an ID Campaign. In 2020, the total volume of mail participating in the promotion went from 2.6 billion pieces in 2019 to 3.2 billion pieces in 2020 (a 23 percent increase). The ID Promotion, like our other promotions, allowed mailers to test the service and see how it adds value to their mail. As seen in the charts below, the promotion was successful in bringing new users to ID, and it was also successful in integrating customers' direct mail and digital campaigns.

**Informed Delivery Marketing Mail Participation 2020 vs 2019**

	<b>2019</b>	<b>2020</b>	<b>Change</b>
<b>Volume</b>	2,411M	2,991M	24%
<b>Revenue</b>	\$509M	\$604M	19%
<b>Participants</b>	376	613	63%

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<b>Informed Delivery First-Class Mail Participation 2020 vs. 2019</b>			
	<b>2019</b>	<b>2020</b>	<b>Change</b>
<b>Volume</b>	217M	237M	9%
<b>Revenue</b>	\$82M	\$92M	12%
<b>Participants</b>	102	131	28%

As the market conditions change (i.e., we saw volume declines and advertising spend shift to digital channels), we developed an innovative solution called **Plus One** and it was favorably reviewed by the PRC as a market test in October 2019. The current Plus One market test allows USPS Marketing Mail Saturation Letter marriage mailers (those who combine advertising into one envelope) to add a card to be delivered with each marriage mail piece. This allows small businesses who normally include their advertising inside the envelope the opportunity to try quasi-solo direct mail advertising at a lower price. This effort helps the mailers, the advertisers, and the Postal Service to slow the decline in USPS Marketing Mail volume. The Postal Service is in the process of analyzing the results of this market test to determine if Plus One should be filed with the PRC as a new (permanent) product offering.

**EDUCATION OF CURRENT AND THE NEXT GENERATION OF MARKETERS:**

The Postal Service is committed to providing educational resources to the current and next generation of marketers to increase awareness of the value of mail. These resources are described in greater detail below.

The Postal Service has a suite of tools, resources, compelling case studies, and tutorials located online at [USPSDelivers.com](https://USPSDelivers.com), which provides

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marketers, businesses, and individuals with information regarding the value and effectiveness of mail.

Some examples include **Direct Mail 101** an interactive tutorial that takes a customer through everything he or she needs to know about Direct Mail. The Direct Mail Innovation segment includes several articles and white papers to inspire and share ways brands are connecting with consumers and how to implement these strategies and tactics into a Direct Mail campaign. Our online content also provides way for businesses to measure the impact of their Direct Mail campaigns. Our marketing impact calculator measures marketers' return on investment and value of the campaign content. We also offer online tools that assist marketers with pricing their Direct Mail campaigns. This content demonstrates our commitment to engage, educate, and communicate the value of mail.

In addition, the Postal Service has continued to showcase the power of mail through the following published mediums:

- **Evolution of a Medium** – A resource filled with compelling case studies and powerful USPS marketing solutions. It focuses on bridging the gap between print and digital to engage customers on multiple channels to create hyper targeted direct mail campaigns.
- **Next Generation Campaign Awards** – This book recognizes those who have created engaging, creative direct mail campaigns by incorporating interactive technologies. It also showcases award winners and the actual mail pieces used in campaigns.

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- **Irresistible Book** – This publication features practical samples of direct mail created for a variety of industries. These direct mail pieces integrated print techniques and emerging technologies in ways that helped inspire new ideas in engaging consumers.

Each year we host our **National Postal Forum** Conference, which began in 1968 and is the nation's largest mailing industry educational conference that provides valuable information to representatives of small and large businesses, nonprofit organizations, state and local governments, and colleges and universities on how to use the mail as an integral part of educational and marketing campaigns. Attendees also hear about the latest innovations and trends in the mailing industry.

To engage the next generation of marketers by demonstrating the power of direct mail in integrated marketing campaigns, and by inspiring them to use direct mail throughout their careers the Postal Service developed the **Direct Effect** platform in March 2019.

The Direct Effect® program's mission is to educate the next generation of marketers on the value of mail and omni-channel campaigns through outreach to and collaboration with colleges and educational organizations. This fits into a bold approach to growth, innovation, and continued relevance by strengthening the value of mail. The program has developed content and resources by working with academia and the industry to offer curriculum—experiential Direct Effect® Innovation Challenges and the online Direct Effect® Micro-Credential—and a variety of other opportunities for educators and students alike.



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Additional program benefits include:

- Introducing students to role models in the printing, mailing, and marketing industry.
- Sharing the value of mail among faculty, students, and collaborating businesses.
- Creating internship and job opportunities for students.
- Providing local businesses with fresh, student-led mail marketing thought.
- Engaging college students in research around the next generation of consumers and marketers.

As a result of the COVID pandemic, postal leaders working collaboratively with industry and academic partners shifted from classroom to an online e-learning platform and built the programs initial online micro-credential modules. Currently, the program has 100 colleges and universities participating. Of those colleges and universities, 172 faculty members have incorporated the program into their curriculum, and 4,300 students have completed the academic certification. Direct Effect will continue to build upon its success by expanding educational content and building relationships and growing awareness with college and universities, marketing educators, students, and other allied organizations to continue to embrace our role as a binding the nation together.

### **CONCLUSION**

In sum, mail is a uniquely powerful tool for reaching consumers, especially in combination with other media channels—with direct mail accounting for nearly ten percent of the nation's total marketing spend—we will continue to invest in our strategic initiatives to drive value for the sender and receiver of mail.